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SUBJECT: UNION LEADERS DEMAND CONSULTATIONS WITH PM OVER
PROPOSED FUEL HIKES

11. (U) SUMMARY. In a December 28 open letter to the PM, union leaders called for public-private consultations in order to discuss the government's plans to reduce fuel subsidies. While not against the idea in principle, the unions want to be part of the consultative process and work with the government to develop an appropriate, effective implementation strategy. According to one union leader, doing so will enable the unions to prepare the general population for what is likely to be a painful economic hit, thereby minimizing any potential resulting civil unrest. END SUMMARY.

12. (U) Union leaders issued an open letter on December 28, addressed to Prime Minister Lansana Kouyate, demanding public-private consultations to discuss government plans to reduce fuel subsidies and raise the price of gasoline. Union leaders also criticized the recently signed presidential decree permitting reorganization of the government (septel). Finally, the unions requested that the government reconsider plans to lift an export ban on basic food commodities and suggested a delay of at least six months in order to allow for public-private consultations and development of an effective implementation strategy. (COMMENT) The lifting of the export ban is part of an ECOWAS commercial trade agreement). The letter was issued by the Unions-Intersyndicale, an umbrella organization representing multiple labor unions under the leadership of Mme. Serah Rabiato and Dr. Ibrahima Fofana.

13. (SBU) During a January 02 telephone conversation with Poloff, Rabiato said that in principle, the unions are not against the idea of raising the price of fuel. She noted that the unions understand the economic pressures and the fact that the government is losing significant revenues for what is becoming an increasingly unsustainable economic policy. According to Rabiato, the unions' problem is that they have not been consulted on the issue. She emphasized that Kouyate is part of a consensus government and the January 27 Accords that established his government require regular dialogue and consultation with key players, including the unions and civil society. Rabiato said that the unions had met briefly with the PM on December 31 when they delivered the letter, but did not have an opportunity to go into detail as the PM was pressed for time.

14. (SBU) Rabiato stressed that any increases in the price of fuel are likely to have a significant impact on the general population. &It is important that we do this together and look at how it needs to be done,& she said, adding &We want to be able to guarantee support.& Rabiato noted that the PM must have some flexibility in his ability to govern, but that he needs the unions and civil society on board with this particular economic policy. &We all have different roles to play and we can help inform the population,& she said. Rabiato said that if the PM goes forward with price increases without holding formal consultations with civil society, she is certain that there

will be a widespread, negative popular reaction. She emphasized that if the PM consults with unions and others and that everyone agrees on an appropriate course of action, the unions can help prepare the population and minimize discontent.

15. (SBU) With respect to the planned lifting of the export ban on certain commodities, Rabiadou said again that it is not so much a question of whether the policy needs to be implemented, but rather, a question of how it should be done.

According to Rabiadou, the unions also want to be part of consultations on this issue as the government decides how to proceed.

COMMENT

16. (SBU) The unions have traditionally supported Kouyate and his administration as they see themselves as responsible for his appointment with a vested interest in ensuring his success. At the same time, Rabiadou's comments and the mildly critical tone of the open letter suggest that for the unions, having a consensus government means that the PM should consult with civil society before implementing key reforms. While such a process is inherently democratic, it may also be inefficient and time consuming. However, Guinea is in a unique political situation in that the population has demanded democratic change while its governing institutions lack the accountability to the people characteristic of a strong representative democracy. The unions, demand to be part of the reform process may be an effort to ensure that the government remains accountable to the population that put it there.

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17. (SBU) Increases in fuel prices are likely to be highly unpopular and misunderstood. Having the unions and others on board could help Kouyate sell the policy to the population since the unions carry significant political weight and could help soften the eventual blow. The Embassy fully supports the need for eliminating government fuel subsidies as a necessary, but likely painful economic reform.

At the same time, it is important to minimize potential civil unrest. Embassy is releasing sound bytes to local radio stations in order to explain the international economics of rising oil prices and the negative effect of government subsidies. Encouraging the PM to consult with civil society over this issue may be another mechanism by which Embassy can help mitigate potential discontent. END COMMENT.
CARTER